

South Northamptonshire Council

Internal Audit Progress Report

November 2019



cw audit
internal audit services

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1. Progress against our agreed audit plan

The purpose of this report is to update the Audit Committee on progress made in delivering the 2019/20 audit plan to the end of October 2019. As previously reported, the 2019/20 plan of 163 days relates solely to South Northamptonshire Council, having previously been a joint plan with Cherwell District Council. Section 3 provides details of the audit assignments included in the plan and an update on progress where assignments have commenced.

Proposed changes to the plan

- There are currently no proposed changes to the agreed workplan.

Reports finalised since the last

Final Reports

- A number of audits are either under way or have had scopes of work agreed, but no final reports have been issued since our last progress report to the committee.

Work planned / underway

Ongoing

- Homelessness
- Anti-Fraud and Corruption

Planned in next quarter

- Risk Management
- Finance Systems/Payroll
- Revenues and Benefits

2. Implementation of agreed actions

Recommendations arising from finalised Internal Audit reports are uploaded to a web-based tracking database. The Council has access to this system allowing recommendation 'owners' to view their recommendations and perform a self-assessment of the status of these recommendations (e.g. provide status updates, revise implementation dates or mark them as implemented once agreed action has been taken). The table below shows the status of recommendations that were due to be implemented by the **31st October 2019**.

Summary	1 Critical	2 High	3 Medium	4 Low	Total
Due for implementation by 31 st October 2019	0	10	41	6	57
Implemented	0	2	15	4	21
Outstanding	0	8	26	2	36
Of these:					
- Implementation date deferred to the future	0	8	26	2	36

The recommendations where the implementation date has been deferred have been reviewed and approved by SMT. Our review of these deferrals and the related ongoing actions considered these to be reasonable and appropriate. A summary of the deferred recommendations is shown in Appendix One.

3. Internal Audit Plan and Profile

Area	Assignment	Scheduled				Status	Level of assurance
		Qtr1	Qtr2	Qtr3	Qtr4		
Governance and Risk	Risk Management			✓		Scoping	
	Homelessness			✓		Fieldwork ongoing	
	Reorganisation - Advice	✓	✓	✓	✓	Throughout year	
Financial Assurance	Budget Management & Reporting			✓		Scoping	
	Payroll			✓		Scope to be agreed Nov 2019	
	Financial Systems			✓		Scope to be agreed Nov 2019	
	Revenues and Benefits			✓		Scoping	
	Anti-Fraud & Corruption			✓		Fieldwork ongoing	
	Disabled Facilities Grant Certification		✓			Final	N/a
Follow up	Follow up and recommendation tracking	✓	✓	✓	✓	Throughout year	

Appendix 1: Summary of deferred recommendations

Review	Recommendation	Ranking	Original Who / When	Defer Date	Update/Reason
GDPR	Preparing for breach reporting Although some training of staff has been provided on what constitutes a data breach, there needs to be an appropriate verification exercise to confirm that the training given has been effective.	3	L Aston 30/09/19	31/01/20	Training to be completed with staff by end of the year, separation has impacted on this due to staff transfers (Jan 2020)
	Consultant review of GDPR Ensure the action plan and project plan are used to drive forward implementation of GDPR, with progress recorded and subject to regular review.	2	L Aston 07/08/19	31/12/19	Work plan has been created, however there has been a knock-on effect on progressing this due to separation and of more recent time unitary working. (on-going)
	The right to rectification A process to enable personal data to be rectified within one month if it is inaccurate or incomplete should developed. This should include rectification of personal data disclosed to third parties where possible. Officers should inform individuals about the third parties to whom the data has been disclosed where appropriate.	3	L Aston 07/08/19	31/12/19	Information rights policy is ready for SMT approval no date set yet to take it as it is due to go with other policies. (on-going)
	Data sharing policy and agreements Complete the Data Flow Mapping process and then produce a Data Sharing Policy. The Council needs to ensure that there are Information Sharing Agreements in place with all third parties that the Council shares personal data with and that these agreements are compliant. This will need the legal team to be involved and potentially additional legal support.	2	L Aston 13/08/19	31/01/20	Still in progress although the overarching data sharing agreement in relation to SNC and unitary was signed by all parties in May 2019, with each service completing a Schedule 1 service specific information sharing agreement as their service project is activated (on-going)

Review	Recommendation	Ranking	Original Who / When	Defer Date	Update/Reason
	<p>Consent to process personal and sensitive data</p> <p>The Council needs to conduct a review or sampling of consents where these are required.</p>	3	L Aston 07/08/19	31/12/19	Not yet started, however Junk Fest at SNC is currently being undertaken by all departments and should highlight any consent issues via retention queries (Dec 2019)
	<p>Monitoring and reporting</p> <p>When the data mapping process has been completed there should be a process established to undertake periodic checks on records security. Regular reporting to management team should be undertaken to enable the outcomes of records security checks and compliance monitoring to be reported and provide strategic oversight to those with overall responsibility for records management.</p>	3	L Aston 31/08/19	31/01/20	Review plan to be drawn up and approved by SMT as yet not done due to Managers still coming into posts as separation is now almost concluded (Jan 2020)
	<p>Staff training</p> <p>A reconciliation of staff trained to current staff in post should be undertaken to ensure that all staff have had appropriate data protection awareness training, including those previously booked that did not end up attending.</p>	3	L Aston 07/08/19	31/12/19	This is available whenever required, however it is not a straight forward process to get a list. A new training module for GDPR is due to be launched imminently and has a better reporting facility. (Nov 2019)
	<p>Information asset register</p> <p>Complete the production of a comprehensive Information Asset Register and ensure it covers all key systems used across the Council.</p>	3	L Aston 31/08/19	31/12/19	Junk fest is being run currently, all areas are reviewing all information they store and the reasons why alongside the retention schedule (Dec 2019)
	<p>Personal data</p> <p>The Councils should confirm that all departments have ensured that there is a legitimate purpose for using personal data prior to collecting it.</p>	4	L Aston 31/08/19	31/12/19	As per Consent to process Personal data, all areas undertaking Junk Fest at SNC and using and updating the corporate retention schedule (Dec 2019)

Review	Recommendation	Ranking	Original Who / When	Defer Date	Update/Reason
	<p>The right to erasure A policy on the right of erasure should be produced. A process should be put in place to enable individuals to have personal data deleted or removed if there is no compelling reason for its continued processing. If the Council has disclosed the personal data in question to third parties, it must inform them about the erasure of the personal data, unless it is impossible or involves disproportionate effort to do so.</p>	3	L Aston 13/08/19	31/12/19	Information rights policy is ready for SMT approval no date set yet to take it as it is due to go with other policies. (on-going)
	<p>The right to data portability The Council should construct a data portability process.</p>	3	L Aston 13/08/19	31/12/19	Information rights policy is ready for SMT approval no date set yet to take it as it is due to go with other policies. (on-going)
	<p>Subject access requests 1 The Council should create a policy and procedure to recognise and respond to individuals' requests to access their personal data within one month of the receipt of a request.</p>	3	L Aston 13/08/19	31/12/19	Information rights policy is ready for SMT approval no date set yet to take it as it is due to go with other policies. (on-going)
	<p>Subject access requests 2 The Council needs to have an appropriately resourced training programme for staff who deal with Subject Access Requests. The process should be monitored and reviewed to ensure compliance.</p>	3	L Aston 13/08/19	31/12/19	Information rights policy is ready for SMT approval no date set yet to take it as it is due to go with other policies. (on-going)
	<p>Data Flow Mapping Complete the mapping out the various types of data processing carried out and ensure that legal basis for carrying each is clearly documented. Complete the mapping out the various types of data processing carried out and ensure that legal basis for carrying each</p>	4	L Aston 13/08/19	31/12/19	To be conducted in tandem with Monitoring and Reporting action (Jan 2020)

Review	Recommendation	Ranking	Original Who / When	Defer Date	Update/Reason
	is clearly documented.				
	<p>Risk Register</p> <p>The GDPR team should produce an updated risk register. The Leadership risk register should contain a GDPR risk.</p>	3	G Kent 13/08/19	31/03/20	Actions being revised
IT Disaster Recovery	<p>Alignment with Business Continuity Plan</p> <p>Once completed, the Councils need to ensure that the Business Continuity Plan is consistent with the Disaster Recovery Plan.</p>	3	G Kent 30/09/19	30/11/19	Meeting postponed until 20/11/19 ELT agreed that all business continuity plans need to be refreshed and tested by 31st October (this will be reviewed at November meeting) (update provided via email from Tim Spiers 14/10.19)
	<p>Testing the Disaster Recovery Plan</p> <p>A plan to fully test the disaster recovery (DR) system from end to end should be implemented once business continuity (BC) arrangements have been finalised. Results of the test should be reported to the Information Management Group.</p>	3	G Kent 30/09/19	30/11/19	ELT agreed that all business continuity plans need to be refreshed and tested by 31st October (this will be reviewed at November meeting of the BC steering group) Example test scenarios have been added to the intranet for the tests to be carried out.
Procurement and Contract Management	<p>Central review of contract management</p> <p>Consider establishing central review of significant contracts to ensure service areas are undertaking appropriate contract monitoring and that contractors are performing as required.</p>	3	F Symonds 11/08/19	31/12/19	This will be dealt with as part of the current significant project to implement the intend contract register and management system. This requires each supplier to be set up, as well as contract managers and each contract to be entered, then the three linked together. Work is progressing and expected to be complete by the end of December 2019
	<p>Re-tendering contracts</p> <p>A central comprehensive contracts register should be maintained that includes all Council contracts. This register should be centrally monitored to ensure that contracts are re-tendered in a timely fashion.</p>	3	F Symonds 11/08/19	31/12/19	Implementation on Intend contract management system by December 2019

Review	Recommendation	Ranking	Original Who / When	Defer Date	Update/Reason
	<p>OJEU and tender procedure compliance Undertake a review of all contracts within the Councils that are above OJEU levels to ensure that no further breaches occur. Corporately monitor contract dates to ensure no further contract dates are missed.</p>	2	F Symonds 11/08/19	31/12/19	Implementation of Intend contract management system by December 2019
	<p>Procurement workplan For contracts that require detailed monitoring, a work plan should be produced that includes key dates by which different contracting stages should be undertaken to ensure that compliant contracting takes place.</p>	3	F Symonds 11/08/19	31/12/19	This is linked to the implementation of Intend by December 2019- see rec 4.1
Financial Systems	<p>Non PO Expenditure and retrospective orders The Council should issue retrospective order reports and invoices not supported by an order reports on a monthly basis to allow departments to identify staff committing to expenditure without first raising an order. These staff should then be reminded of the need to comply with the Councils' Financial Procedure Rules to prevent/reduce this happening in the future.</p>	2	D Taylor 10/08/19	31/03/20	The process is being monitored/reviewed and training provided to services. No PO no payment is currently being implemented by 31/3/20.
Capital Programme Management	<p>Performance Reports to members Reports to the members should provide details on performance to date (actual spend and commitments), as well as forecast expenditure against each scheme.</p>	3	D Taylor 30/09/19	31/05/21	The actual capital expenditure is monitored by budget holders and finance and is used to inform the forecasts that are presented to Members. Systems limitations make it impractical to include information on actual expenditure in the reports to Members. The new unitary authorities will implement new systems and procedures. It is not practical or feasible to implement changes beforehand.

Review	Recommendation	Ranking	Original Who / When	Defer Date	Update/Reason
Human Resources	Recruitment Policy The Council should have a recruitment policy in place to ensure that recruitment occurs within a standard controlled and monitored framework with clear aims and objectives.	3	G Kent 08/08/19	31/03/20	These HR functions are in the transition to Local Government Shared Services (LGSS) and will be pursued by LGSS.
	Interview records All interviews should be clearly scored. Interview notes for all candidates and scoring matrixes should be filed so it is possible to demonstrate that the successful candidate was appropriately selected using a transparent process.	2	G Kent 08/08/19	31/03/20	
	Recruitment training Devise a programme of centralised training to ensure that recruitment managers can appropriately undertake their recruitment and selection duties.	2	G Kent 08/08/19	31/03/20	
	Job descriptions and person specifications Ensure it is clear in documentation that job descriptions and personal specifications have been written or reviewed by appropriate officers.	3	G Kent 08/08/19	31/03/20	
	Recruitment advertising The Council should have a policy and procedures in relation to the advertising of vacancies. The advertising budget should be corporately coordinated.	3	G Kent 08/08/19	31/03/20	
	Shortlisting The shortlisting form, containing the records of all applicants and demonstrating those selected for interview, should be completed and saved in the HR folder.	2	G Kent 08/08/19	31/03/20	

Review	Recommendation	Ranking	Original Who / When	Defer Date	Update/Reason
	<p>Essential shortlisting criteria Recruitment managers should comply with shortlisting guidance and only select for interview applicants who meet the criterion.</p>	2	G Kent 08/08/19	31/03/20	
Payroll	<p>Establishment Checks The current exercise for Assistant Directors to check the current staffing establishment should be fully completed and used to confirm the accuracy of staff and grades currently on the payroll.</p>	3	G Kent 30/09/19	31/03/20	Finance have already created a whole council staffing register which is being verified with services. This will be checked with the HR establishment. However, this HR function is in the transition to LGSS and will be pursued by LGSS.
Cyber Security	<p>Physical Security (2) Train reception staff to ensure visitors complete the sign in book, are issued with visitor badges and are logged when they leave the building. Physical security penetration tests should be carried out periodically.</p>	3	G Kent 10/08/19	31/12/19	Options awaited from PCIM. Reception monitored by CCTV in Facilities Management Office. Customer Services will examine ways of managing visitors and office penetrating testing. Both will be concluded by 31/12/19.
Business Continuity	<p>Business Impact Assessment The refreshed BIA for all departments should be reviewed and the critical services and activities formally agreed and documented.</p>	3	G Kent 13/08/19	31/03/20	As part of the BC plan refresh staff will be made aware of the plans by Managers. A new e-learning platform is being implemented in November 2019 for all SNC staff and this will include information security, BC and DR. To ensure that all staff have received a combination of direct information and e-learning by 31/3/20.
	<p>Business Continuity Plans Ensure that: BIAs and BCPs include an in-depth examination of the underlying resources such as key people, equipment, IT, telephony, supplies, buildings and third parties that underpin critical tasks so that appropriate recovery strategies can be developed. The RTO and RPO for each of the critical applications/systems should be</p>	3	G Kent 31/08/19	31/03/20	BC plans currently being reviewed and created for SNC-only services, to be completed and tested by the end of the separation project, which will be completed no later than 31/3/20.

Review	Recommendation	Ranking	Original Who / When	Defer Date	Update/Reason
	<p>agreed with JICT and the business owners. The RTOs could then be used to prioritise which activity (and underlying systems that supports it) should be recovered first. The third party services that the Councils rely upon should be prioritised and include appropriate description and contact details that can be used in a crisis or continuity event.</p>				
	<p>Testing of Business Continuity Plans A formal schedule should be created to conduct periodic recovery tests and simulation exercises. The scope should prioritise and include all critical applications, services and associated back-up recoveries. A full DR test should be completed to ensure all services can be fully restored. Lessons learned from the tests should be documented and included in relevant documentation.</p>	3	G Kent 13/08/19	31/03/20	Work in progress to separate BC plans from Cherwell as part of the continuing separation project, which will be followed by BC awareness training and test exercise. To be completed when separation complete, scheduled for no later than 31/3/20.
	<p>Training Programme A communications and training programme should be created to regularly educate and prepare the Councils' workforce on the importance of business continuity and the individual roles they would play in the event of a disruption to their normal operating practices. Communication and training milestones should be included in the governance and management plan of business continuity.</p>	3	G Kent 01/09/19	31/03/20	Preparation continuing as part of the separation from Cherwell as above. To complete by 31/3/20.

Appendix 2: Definition of our assurance levels and our risk rankings

Opinion	Assessment rationale
No	The audit highlighted weaknesses in the design or operation of controls that have not only had a significant impact on the delivery of key system objectives, they have also impacted on the delivery of the organisation's strategic objectives. As a result, no assurance can be given on the operation of the system's internal controls to prevent risks from impacting on achievement of both system and strategic objectives.
Limited	The audit highlighted some weaknesses in the design or operation of control that have had a serious impact on the delivery of key system objectives, and could also impact on the delivery of some or all of the organisation's strategic objectives. As a result, only limited assurance can be given on the operation of the system's internal controls to prevent risks from impacting on achievement of the system's objectives.
Moderate	The audit did not highlight any weaknesses that would in overall terms impact on the achievement of the system's key objectives. However, the audit did identify some control weaknesses that have impacted on the delivery of certain system objectives. As a result, only moderate assurance can be given on the design and operation of the system's internal controls to prevent risks from impacting on achievement of the system's objectives.
Significant	The audit did not highlight any weaknesses that would materially impact on the achievement of the system's key objectives. The audit did find some low impact control weaknesses detailed in section four of this report which, if addressed, would improve the overall performance of the system. However these weaknesses do not affect key controls and are unlikely to impair the achievement of the system's objectives. As a result, significant assurance can be given on the design and operation of the system's internal controls to prevent risks from impacting on achievement of the system's objectives.
Full	The audit did not highlight any weaknesses that would impact on the achievement of the system's key objectives. It has therefore been concluded that key controls have been adequately designed and are operating effectively to deliver the key objectives of the system. As a result, full assurance can be given on the operation of the system's internal controls to prevent risks from impacting on achievement of the system's objectives.

Risk ranking	Assessment rationale
1	The system has been subject to high levels of risk that have, prevented the system from meeting its objectives and also impacted on the delivery of the organisation's strategic objectives.
2	The system has been subject to high levels of risk that has, or could, prevent the system from meeting its objectives, and which may also impact on the delivery of some or all of the organisation's strategic objectives.
3	The system has been subject to medium levels of risk that have, or could, impair the system from meeting its objectives.
4	The system has been subject to low levels of risk that has, or could, reduce its operational effectiveness.